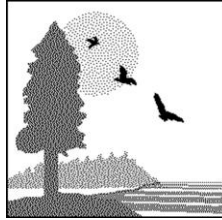


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April 27, 2011

EIR No. 757

File Ref.: PRC 4000, 7911, & 3133

File No.: W30120 / W40813

PUBLIC UPDATE

To: Interested Parties

Re: Proposed Development of the Carpinteria Field State Oil and Gas Reserves
(Carone Petroleum Corporation)

The Carpinteria Field is located offshore southern California, near the city of Carpinteria. The Field covers two Federal leases (OCS P-0166 and OCS P-0240), two State of California leases assigned to the Carone Petroleum Corporation (Carone) (PRC-4000 and PRC-7911) and one State of California lease (PRC-3133) that the California State Lands Commission (CSLC) would assign to Carone if Carone's proposed Plan of Development (POD) is approved.

Because the proposed project would utilize a facility in federal waters, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) is also required to review the proposal, in the form of a revised Development and Production Plan (DPP). The CSLC has final approval authority over the development of oil and gas resources in state waters. BOEMRE has the approval authority over whether facilities on the Outer Continental Shelf (OCS) may be used for such activities.

This posting is intended to provide an update on the proposed project:

- In September 1999, Carone submitted an application to the CSLC for a POD for up to 25 new production, or salt water disposal/water injection, wells that would be developed from Platform Hogan located in federal waters on the Pacific OCS. The wells would be drilled using extended reach drilling technology and would extend from 1,400 to 12,000 feet eastward from Platform Hogan, and several thousand feet below the seafloor.

- In September 2009, the CSLC deemed Carone's revised application complete. Carone then updated the POD in October 2009. In March 2011, BOEMRE deemed Carone's federal application complete.
- As lead agencies under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), the CSLC and BOEMRE plan to prepare a joint Environmental Impact Report/Environmental Impact Statement (EIR/EIS). The CSLC staff had previously released a Notice of Preparation (NOP) and held two public Scoping Meetings in the city of Carpinteria in June 2001, before work on the environmental review was suspended at the request of Carone.
- Marine Research Specialists (MRS) was selected to prepare the EIR/EIS on behalf of the CSLC and BOEMRE for the Carpinteria project.
- CSLC staff anticipates releasing a new NOP of an EIR/EIS in summer/fall 2011, and conducting two new scoping meetings during the 45-day NOP public review.
- CSLC staff anticipates release of a draft EIR/EIS for public review in winter/spring 2012.
- If the CSLC certifies the EIR and the project is approved by both CSLC and BOEMRE, drilling would commence and would continue for up to seven years. As proposed, production would begin in approximately 2013 and continue through 2039, with the maximum oil production of 3,500 barrels per day expected to be reached in 2020. The existing pipelines from Platform Hogan to the La Conchita onshore processing facility would be used to move the production of the Carpinteria Field.

Thank you for your continued interest in this project. Please contact me at (916) 574-1814 (email: crystal.spurr@slc.ca.gov), if you have questions or would like further information.

Crystal Spurr
Staff Environmental Scientist
Division of Environmental Planning
And Management